


# Chapter 5


## Green Energy–Related Financial Literacy and Its Impact on Social Entrepreneurship

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### ABSTRACT

*This study looks at how financial literacy related to green energy affects the start-up, growth, and success of social entrepreneurship projects. This study examines the ways in which financial knowledge unique to green financing options, sustainable business models, and investments in renewable energy influences entrepreneurial decision-making and venture outcomes in the social sector through a thorough literature review and theoretical analysis. The results indicate that entrepreneurs' capacity to see possibilities, obtain suitable capital, and create workable company plans that tackle social and environmental issues is much improved by increased green energy financial literacy.*

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## INTRODUCTION

The global transition toward sustainable energy sources has created unprecedented opportunities for social entrepreneurs to address pressing environmental and social challenges while simultaneously building viable and profitable ventures. This transformation is not only technological but systemic, reshaping the economic, political, and social foundations of energy production and consumption. The landscape for green energy entrepreneurship is expanding rapidly as governments across the world enact ambitious climate commitments under the Paris Agreement, pledge to meet the United Nations Sustainable Development Goals (SDGs), and invest heavily in renewable energy infrastructure (International Energy Agency, 2024). These developments reflect the recognition that energy transitions must be inclusive, innovative, and entrepreneurial to succeed. However, social entrepreneurs attempting to seize these opportunities face substantial barriers linked to the complexity of green energy markets, the diversity of financial mechanisms, and the specialized investment procedures that characterize this sector.

Social entrepreneurship—the pursuit of innovative solutions to societal challenges through sustainable business models—has emerged as a powerful catalyst for change in multiple fields (Dees, 2011). Its role in the energy sector is especially important because it addresses the twin imperatives of environmental sustainability and social equity. Energy poverty, which still affects hundreds of millions worldwide, underscores the need for entrepreneurial approaches that provide clean, affordable energy to underserved populations. Social entrepreneurs in green energy often focus on bridging these gaps through innovative financing structures, decentralized technologies such as mini-grids, and affordable household-scale renewable solutions. In this way, entrepreneurship serves not only as an engine of economic opportunity but also as a means of achieving broader social and ecological objectives, including health improvements, gender equity, and local development.

The success of such ventures depends heavily on the ability of entrepreneurs to navigate financial environments that diverge substantially from conventional business finance. Unlike traditional enterprises, green energy projects are characterized by technological uncertainty, long payback periods, and substantial upfront capital requirements. Bloomberg New Energy Finance (2023) observes that these projects often involve risks that traditional investors do not fully understand, limiting access to mainstream capital markets. Entrepreneurs must therefore acquire advanced financial literacy specific to green energy, equipping them to deploy specialized instruments such as carbon credits, feed-in tariffs, impact investments, and green bonds. This capacity is not merely a technical advantage but a strategic necessity in a sector where investor confidence hinges on the ability to quantify environmental and social returns alongside financial performance.

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